

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF IOWA**

In re:

MERCY HOSPITAL, IOWA CITY, IOWA, *et al.*,
Debtors.

)
) Chapter 11
)
) Case No. 23-00623 (TJC)
)
) Jointly Administered
)
) Obj. Deadline: 06/20/2024 at 4:00 p.m. (CT)
)

**SUMMARY OF EIGHTH MONTHLY FEE APPLICATION OF FTI
CONSULTING, INC., FINANCIAL ADVISOR TO THE OFFICIAL
COMMITTEE OF UNSECURED CREDITORS, FOR ALLOWANCE OF
COMPENSATION AND REIMBURSEMENT OF EXPENSES FOR THE PERIOD
FROM APRIL 1, 2024 THROUGH APRIL 30, 2024**

Name of applicant:	FTI Consulting, Inc.
Authorized to provide professional services to:	Official Committee of Unsecured Creditors
Date of retention:	August 21, 2023
Date of order authorizing retention:	October 12, 2023, Docket No. 356
Period for which compensation and reimbursement is sought:	April 1, 2024 through April 30, 2024
Amount of compensation sought as actual, reasonable and necessary:	\$12,110.00
Amount of expense reimbursement sought as actual, reasonable and necessary:	\$1,594.27
This is a:	Eighth Monthly Application

SUMMARY OF FTI APPLICATIONS FOR COMPENSATION

Application	Date Filed	Period Covered	Requested Fees	Requested Expenses	Approved Fees & Expenses
First Month	11/09/23	08/21/23 - 09/30/23	\$111,776.00 (80% of total)	\$0.00 (100% of total)	\$111,776.00
Second Month	12/15/23	10/01/23 – 10/31/23	\$67,424.00 (80% of total)	\$2,576.39 (100% of total)	\$61,572.39 (70% of total)
Third Month	03/06/24	11/01/23 – 11/30/23	\$78,792.00 (70% of total)	\$0.00 (100% of total)	\$78,792.00 (70% of total)
Fourth Month	03/06/24	12/01/23 – 12/31/23	\$39,592.00 (70% of total)	\$0.00 (100% of total)	\$39,592.00 (70% of total)
Fifth Month	03/06/24	01/01/24 – 01/31/24	\$40,327.00 (70% of total)	\$0.00 (100% of total)	\$40,327.00 (70% of total)
Sixth Month	04/05/24	02/01/24 – 02/29/24	\$33,614.00 (70% of total)	\$0.00 (100% of total)	\$33,614.00 (70% of total)
Seventh Month	N/A	03/01/24 – 03/31/24	\$72,226.00 (70% of total)	\$5,338.77 (100% of total)	\$77,564.77 (70% of total)
Eighth Month	N/A	04/01/24 – 04/30/24	\$8,477.00 (70% of total)	\$1,594.27 (100% of total)	N/A

**SUMMARY OF BILLING BY PROFESSIONALS
APRIL 1, 2024 THROUGH APRIL 30, 2024**

Professional	Position	Billing Rate	Total Hours	Total Fees
Clifford Zucker	Senior Managing Director	\$1,390	3.6	\$5,004.00
Narendra Ganti	Managing Director	1,035	7.5	7,762.50
Jacob Park	Senior Consultant	675	4.7	3,172.50
Therese Borowy	Core Operations	325	1.5	487.50
SUBTOTAL			17.3	\$16,426.50
Less: Voluntary Discount				(4,316.50)
GRAND TOTAL			17.3	\$12,110.00

**COMPENSATION BY PROJECT CATEGORY
APRIL 1, 2024 THROUGH APRIL 30, 2024**

Task Code	Task Description	Total Hours	Total Fees
1	Current Operating Results & Events	2.4	\$3,158.50
2	Cash & Liquidity Analysis	1.6	1,869.00
6	Asset Sales	4.2	4,020.00
14	Analysis of Claims/Liabilities Subject to Compromise	2.0	1,890.00
16	POR & DS - Analysis, Negotiation and Formulation	2.9	3,179.00
24	Preparation of Fee Application	4.2	2,310.00
SUBTOTAL		17.3	\$16,426.50
Less: Voluntary Discount			(4,316.50)
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FOR THE NORTHERN DISTRICT OF IOWA**

In re:

MERCY HOSPITAL, IOWA CITY, IOWA, *et al.*,

Debtors.

Chapter 11

Case No. 23-00623 (TJC)

Jointly Administered

Obj. Deadline: 06/20/2024 at 4:00 p.m. (CT)

**EIGHTH MONTHLY FEE APPLICATION OF FTI CONSULTING, INC.,
FINANCIAL ADVISOR TO THE OFFICIAL COMMITTEE OF UNSECURED
CREDITORS, FOR ALLOWANCE OF COMPENSATION AND REIMBURSEMENT
OF EXPENSES FOR
THE PERIOD FROM APRIL 1, 2024 THROUGH APRIL 30, 2024**

FTI Consulting, Inc. (the “Applicant” or “FTI”), financial advisor to the Official Committee of Unsecured Creditors (the “Committee”) in the above-captioned chapter 11 case (the “Chapter 11 Case”), hereby applies (the “Application”), pursuant to sections 330 and 331 of title 11 of the United States Code, 11 U.S.C. §§ 101-1532 (the “Bankruptcy Code”), Rule 2016 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), and the Court’s *Order Establishing Procedures for Interim Compensation And Reimbursement of Expenses of Professionals* (Docket No. 224) (the “Interim Compensation Order”), for allowance of compensation for services rendered and reimbursement of expenses for the period from March 1, 2024 through March 31, 2024 (the “Application Period”), and respectfully represents as follows:

1. The Court has jurisdiction to consider this Application pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding under 28 U.S.C. § 157(b).
2. Venue of the Chapter 11 Case and this Application in this District is proper under 28 U.S.C. §§ 1408 and 1409.

3. The legal predicates for the relief requested herein are Bankruptcy Code sections 330 and 331, Bankruptcy Rule 2016, and the Interim Compensation Order.

BACKGROUND

A. The Chapter 11 Case

4. On August 7, 2023 (the “Petition Date”), Mercy Hospital, Iowa City, Iowa (“Mercy”) and certain of its affiliates and subsidiaries, as debtors and debtors-in-possession (the “Debtors”) commenced the Chapter 11 Case by filing petitions for relief under chapter 11 of the Bankruptcy Code. The Debtors continue to operate its business and manage its properties as debtors and debtors-in-possession pursuant to Bankruptcy Code section 1107(a) and 1108. No trustee or examiner has been appointed in the Chapter 11 case.

5. On August 15, 2023, the Office of the United States Trustee (the “U.S. Trustee”) appointed the Committee pursuant to Bankruptcy Code section 1102(a) [Docket No. 107]. The Committee members are:

- a) Altera Digital Health, Inc.;
- b) J&K PMS, Inc.;
- c) Medifis;
- d) Steindler Orthopedic Clinic;
- e) Cardinal Health

6. On September 1, 2023, the U.S. Trustee filed the Amended Notice of Appointment of Committee of Unsecured Creditors [Docket No. 180] appointing two additional Committee members:

- a) MediRevv, Inc.;
- b) Owens & Minor

7. Additional information regarding the Debtor and the Chapter 11 Case, including the Debtor’s business operations, capital structure, financial condition, and the reasons for and

objectives of the Chapter 11 Case, is set forth in the *Declaration of Mark E. Toney in Support of Chapter 11 Petitions and First Day Pleadings* [Docket No. 27] (the “Toney Declaration”).

B. The Retention of FTI

8. On September 14, 2023, the Committee applied to the Court [Docket No. 229] (the “FTI Application”) for an order authorizing the Committee to retain and employ FTI as their financial advisor, effective as of August 21, 2023. On October 12, 2023, the Court entered an order authorizing such retention [Docket No. 356].

C. The Interim Compensation Order

9. On September 14, 2023, the Court entered the Interim Compensation Order¹, which sets the procedures for interim compensation and reimbursement of expenses in the Chapter 11 Case. Specifically, the Interim Compensation Order provides that a Retained Professional may file and serve a Monthly Fee Application on or after the fifteenth (15th) day of each month following the month for which compensation is sought. Fourteen (14) days after the service of a Monthly Fee Application, the Debtor is authorized to pay such Retained Professional eighty percent (80%) of the fees and one-hundred percent (100%) of the expenses requested in the Monthly Fee Application that are not subject to an Objection.

10. On December 28, 2023, The United States Trustee objected to the Second Monthly Fee Application (docketed as Third Application for Compensation) on various grounds, arguing that the Court should reduce the Second Monthly Fee Application by 30%, at [Docket No. 607] (the “Objection”). On February 20, 2024, FTI and the United States Trustee reached a compromise on the Objection, as follows:

- (a) FTI Consulting, Inc., is awarded 70% of the requested fees;

¹ Capitalized terms used but not defined shall have the meanings provided in the Interim Compensation Order.

- (b) FTI Consulting, Inc., and the United States Trustee reserve adjudication on the remaining 30% at the time of a final fee application for FTI Consulting, Inc.

RELIEF REQUESTED

11. Pursuant to the Interim Compensation Order and Bankruptcy Code section 331, FTI is seeking compensation in the amount of \$8,477.00, which is equal to seventy percent (70%) of the \$12,110.00 in fees for professional services rendered by FTI during the Application Period. This amount is derived solely from the applicable hourly billing rates of FTI personnel who rendered services to the Committee.

12. There is no agreement or understanding between FTI and any other person, other than members of FTI for sharing of any compensation to be received for services rendered in these chapter 11 cases.

A. Compensation Requested

13. Services rendered by (i) each professional and paraprofessional, (ii) a summary of the time incurred by task, (iii) detailed time entries during the Application Period, (iv) summary of the expenses incurred by task, and (v) detailed expense entries are attached hereto as **Exhibit A**, **Exhibit B**, **Exhibit C**, **Exhibit D**, and **Exhibit E**, respectively.

14. FTI provided a wide array of legal services to the Committee. The services rendered by FTI are summarized below, and are more fully described in the detailed time entries attached to this Application as **Exhibit C**.

VALUATION OF SERVICES

15. Professionals and paraprofessionals of FTI have expended a total of 17.3 hours in connection with this matter during the Application Period.

16. The amount of time spent by each of the professionals providing services to the Committee for the Application Period is set forth in Exhibit A. As discussed in the Application, the rates reflected therein are FTI's normal hourly rates of compensation for work of this character.

17. FTI believes that the time entries and expenses included in Exhibit A are in compliance with the requirements of the Bankruptcy Code and the Interim Compensation Order.

DISCUSSION

18. Section 330(a) of the Bankruptcy Code provides, in pertinent part, that:

[T]he court may award . . . reasonable compensation for actual, necessary services rendered by the . . . attorney and by any paraprofessional person . . . and . . . reimbursement for actual, necessary expenses. . . . In determining the amount of reasonable compensation to be awarded, the court shall consider the nature, the extent, and the value of such services, taking into account all relevant factors, including – (A) the time spent on such services; (B) the rates charged for such services; (C) whether the services were necessary to the administration of, or beneficial at the time at which the service was rendered toward the completion of, a case under [the Bankruptcy Code]; (D) whether the services were performed within a reasonable amount of time commensurate with the complexity, importance, and nature of the problem, issue, or task addressed; and (E) whether the compensation is reasonable, based on the customary compensation charged by comparably skilled practitioners in cases other than cases under this title

19. The Eighth Circuit Court of Appeals has stated:

“[Reasonable] [c]ompensation . . . presumably reflects (1) the novelty and complexity of the issues, (2) the special skill and experience of counsel, (3) the quality of representation, and (4) the results obtained.”

P.A. Novelly v. Palans (In re Apex Oil Co.), 960 F.2d 728, 731–32 (8th Cir. 1992).

20. In reviewing this Application, the Court should be guided by the Eighth Circuit's instruction to ascertain whether such services were rendered and billed in accordance with the established market for legal services in similar matters:

Section 330 “is meant to encourage high standards of professional legal practice in the bankruptcy courts. . . . Bankruptcy courts must

consider whether the fee awards are commensurate with fees for professional services in non-bankruptcy cases, thus providing sufficient economic incentive to practice in bankruptcy courts.”

Mann v. McCombs (In re McCombs), 751 F.2d 286, 288 (8th Cir. 1984); *see also In re Continental Illinois Securities Litigation*, 962 F.2d 566, 568 (7th Cir. 1992) (“[I]t is not the function of judges in fee litigation to determine the equivalent of the medieval just price. It is so to determine what the lawyer would receive if he was selling his services in the market rather than being paid by court order.”).

21. This Application complies with the fee application requirements set forth in *In re Pothoven*, 84 B.R. 579 (Bankr. S.D. Iowa 1988). The exhibits to this Application list and describe each activity, the date it was performed, the professionals or professional who performed the work, the time spent on the work, and the individual’s hourly rate. *Id.* at 584. Furthermore, time and each task are broken down into tenths of an hour and individually recorded. *See Exhibit A.*

22. FTI’s hourly rate of compensation for professionals and para-professionals during the Application Period range from \$325.00 to \$1,390.00. These rates are comparable to rates charged by other practitioners having the same amount of experience, expertise, and standing for similar services in this jurisdiction. FTI consistently and consciously made reasonable efforts to represent the Committee in the most economical, efficiently, and practical manner possible.

23. In accordance with the factors enumerated in Bankruptcy Code section 330, FTI submits that the amount requested is fair and reasonable given (a) the complexity of the Chapter 11 case, (b) the time expended, (c) the nature and extent of the services rendered, (d) the value of such services, and (e) the costs of comparable services other than in a case under this title.

24. The fees charged by FTI in this case are billed in accordance with its existing billing rates and procedures set forth in the FTI Application, in effect during the Application Period.

25. FTI's rates for the services rendered by its professionals and paraprofessionals in these chapter 11 cases are the same rates that FTI charges for services rendered in comparable non-bankruptcy matters. Such fees are reasonable based on the customary compensation charged by comparably skilled practitioners in comparable non-bankruptcy cases in a competitive national legal market.

26. FTI reserves the right to correct, amend, or supplement this Application, including, without limitation, to seek payment in the event this Application is not approved in full.

NO PRIOR REQUEST

27. No prior request for the relief sought in the Application has been made to this or any other court.

WHEREFORE, FTI respectfully requests that the Court enter an order: (i) awarding FTI allowance of (a) seventy percent (70%) of the fees for the Application Period in the amount of \$8,477.00; and (b) the reimbursement of one-hundred percent (100%) of the actual and necessary expenses FTI incurred during the Application Period in the amount of \$1,594.27; (ii) authorizing and directing the Debtors to pay FTI \$10,071.27, representing the total amount owed for the Application Period; and (iii) granting such other relief as is just and proper.

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Dated: June 6, 2024

FTI CONSULTING, INC.

/s/ Cliff Zucker

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*Financial Advisors to the Official Committee
of Unsecured Creditors*

Respectfully submitted,

/s/ Andrew H. Sherman

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*Co-Counsel for the Official Committee of
Unsecured Creditors*

Certificate of Service

The undersigned certifies, under penalty of perjury, that on this June 6, 2024, the foregoing document was electronically filed with the Clerk of Court using the Northern District of Iowa CM/ECF and the document was served electronically through the CM/ECF system to the parties of this case

/s/ Stephanie Newton

EXHIBIT A
MERCY HOSPITAL, IOWA CITY, IOWA, ET AL. - CASE NO. 23-00623-TJC
SUMMARY OF HOURS BY PROFESSIONAL
FOR THE PERIOD APRIL 01, 2024 TO APRIL 30, 2024

Professional	Position	Billing Rate	Total Hours	Total Fees
Clifford Zucker	Senior Managing Director	\$1,390	3.6	\$5,004.00
Narendra Ganti	Managing Director	1,035	7.5	7,762.50
Jacob Park	Senior Consultant	675	4.7	3,172.50
Therese Borowy	Core Operations	325	1.5	487.50
SUBTOTAL			17.3	\$16,426.50
Less: Voluntary Discount				(4,316.50)
GRAND TOTAL			17.3	\$12,110.00

EXHIBIT B

MERCY HOSPITAL, IOWA CITY, IOWA, ET AL. - CASE NO. 23-00623-TJC

SUMMARY OF HOURS BY TASK

FOR THE PERIOD APRIL 01, 2024 TO APRIL 30, 2024

Task Code	Task Description	Total Hours	Total Fees
1	Current Operating Results & Events	2.4	\$3,158.50
2	Cash & Liquidity Analysis	1.6	1,869.00
6	Asset Sales	4.2	4,020.00
14	Analysis of Claims/Liabilities Subject to Compromise	2.0	1,890.00
16	POR & DS - Analysis, Negotiation and Formulation	2.9	3,179.00
24	Preparation of Fee Application	4.2	2,310.00
SUBTOTAL		17.3	\$16,426.50
Less: Voluntary Discount			(4,316.50)
GRAND TOTAL		17.3	\$12,110.00

EXHIBIT C

MERCY HOSPITAL, IOWA CITY, IOWA, ET AL. - CASE NO. 23-00623-TJC

DETAIL OF TIME ENTRIES

FOR THE PERIOD APRIL 01, 2024 TO APRIL 30, 2024

Task Category	Date	Professional	Hours	Activity
1	4/4/2024	Clifford Zucker	0.5	Review and analysis of cash flow activity and variances.
1	4/11/2024	Clifford Zucker	0.2	Call with Debtor on operation and cash flow.
1	4/18/2024	Clifford Zucker	0.2	Call with Debtor on cash activity and admin reserves.
1	4/19/2024	Clifford Zucker	0.5	Review and analysis of cash activity report.
1	4/24/2024	Clifford Zucker	0.5	Review comments to draft liquidating trust agreement.
1	4/29/2024	Narendra Ganti	0.5	Review March 2024 monthly operating report.
1 Total			2.4	
2	4/4/2024	Narendra Ganti	0.5	Review budget to actual for cash flow.
2	4/11/2024	Clifford Zucker	0.4	Review and analysis of cash flow activity and reporting.
2	4/19/2024	Narendra Ganti	0.5	Review budget to actual.
2	4/25/2024	Clifford Zucker	0.2	Call with Debtor on cash position and activity.
2 Total			1.6	
6	4/4/2024	Narendra Ganti	0.5	Call with CBRE to discuss sale of MOB.
6	4/4/2024	Narendra Ganti	0.5	Call with H2C to discuss sale of JVs.
6	4/4/2024	Jacob Park	0.5	Call with H2C re: sale update.
6	4/11/2024	Clifford Zucker	0.2	Call with H2C on sale status.
6	4/11/2024	Jacob Park	0.5	Call with H2C for sale update.
6	4/18/2024	Narendra Ganti	0.6	Call with H2C to discuss sale process.
6	4/18/2024	Clifford Zucker	0.3	Call with H2C on sale update.
6	4/25/2024	Narendra Ganti	0.5	Call with H2C and Toney Korf to discuss sale of JV interests.
6	4/25/2024	Clifford Zucker	0.1	Call with H2C on sale activity.
6	4/25/2024	Jacob Park	0.5	Call with ToneyKorf re: case update and sale.

MERCY HOSPITAL, IOWA CITY, IOWA, ET AL. - CASE NO. 23-00623-TJC
DETAIL OF TIME ENTRIES
FOR THE PERIOD APRIL 01, 2024 TO APRIL 30, 2024

Task Category	Date	Professional	Hours	Activity
6 Total			4.2	
14	4/4/2024	Narendra Ganti	0.5	Review summary of larger claims for reconciliation.
14	4/10/2024	Narendra Ganti	0.5	Review summary of claims to reconcile.
14	4/10/2024	Narendra Ganti	0.5	Call with Toney Korf to discuss claims and reconciliation of same.
14	4/10/2024	Jacob Park	0.5	Call with ToneyKorf re: filed claims.
14 Total			2.0	
16	4/2/2024	Narendra Ganti	0.9	Review amended DS/POR and UCC letter to Creditors.
16	4/2/2024	Clifford Zucker	0.5	Review and analysis of redline plan and disclosure statement.
16	4/24/2024	Narendra Ganti	1.0	Review liquidating trust agreement.
16	4/29/2024	Narendra Ganti	0.5	Review updated liquidated trust agreement.
16 Total			2.9	
24	4/11/2024	Jacob Park	1.1	Prepare claims reconciliation between filed and scheduled.
24	4/12/2024	Therese Borowy	1.5	Prepare the March fee application exhibits to ensure compliance with bankruptcy guidelines.
24	4/18/2024	Jacob Park	1.2	Begin to prepare fee application for March 2024.
24	4/23/2024	Jacob Park	0.4	Prepare fee application for March 2024.
24 Total			4.2	
Grand Total			17.3	

EXHIBIT D

**MERCY HOSPITAL, IOWA CITY, IOWA, ET AL. - CASE NO. 23-00623-TJC
SUMMARY OF EXPENSES
FOR THE PERIOD APRIL 01, 2024 TO APRIL 30, 2024**

Expense Type	Amount
Airfare	\$825.95
Lodging	\$444.62
Transportation	\$229.28
Working Meals	94.42
Total	\$1,594.27

EXHIBIT E

**MERCY HOSPITAL, IOWA CITY, IOWA, ET AL. - CASE NO. 23-00623-TJC
EXPENSE DETAIL
FOR THE PERIOD APRIL 01, 2024 TO APRIL 30, 2024**

Date	Professional	Expense Type	Expense Detail	Amount
03/27/24	Narendra Ganti	Airfare	R/T airfare to Cedar Rapids for Mercy DS hearing	\$825.95
Airfare Total				\$825.95
03/27/24	Narendra Ganti	Lodging	Tips for Housekeeping	\$5.00
03/27/24	Narendra Ganti	Lodging	Lodging in Cedar Rapid, IA for Mercy DS hearing	\$439.62
Lodging Total				\$444.62
03/27/24	Narendra Ganti	Transportation	R/T mileage to National Airport	\$40.20
03/28/24	Narendra Ganti	Transportation	Car Rental gasoline for trip to Cedar Rapids for Mercy DS hearing	\$7.01
03/28/24	Narendra Ganti	Transportation	Parking at National Airport for trip to Cedar Rapids for Mercy DS hearing	\$76.00
03/28/24	Narendra Ganti	Transportation	Car Rental for trip to Cedar Rapids for Mercy DS hearing	\$106.07
Transportation Total				\$229.28
03/26/24	Narendra Ganti	Working Meals	Dinner in Cedar Rapids for Mercy DS hearing	\$10.00
03/26/24	Narendra Ganti	Working Meals	Lunch at O'Hare Airport for trip to Cedar Rapids for Mercy DS hearing	\$14.42
03/27/24	Narendra Ganti	Working Meals	Dinner in Cedar Rapids with M. Ross, Pension Committee FA, for Mercy DS hearing	\$70.00
Working Meals Total				\$94.42

MERCY HOSPITAL, IOWA CITY, IOWA, ET AL. - CASE NO. 23-00623-TJC

EXPENSE DETAIL

FOR THE PERIOD APRIL 01, 2024 TO APRIL 30, 2024

Date	Professional	Expense Type	Expense Detail	Amount
Grand Total				\$1,594.27